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UNCLAS SECTION 01 OF 02 ASHGABAT 000861

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SENSITIVE

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SUBJECT: FM MEREDOV: TURKMENISTAN WANTS BROADEST POSSIBLE
COOPERATION WITH UNITED STATES

REF: ASHGABT 810

11. (U) Sensitive but unclassified. Not for public internet.

12. (SBU) SUMMARY: In a positive meeting with EEB Assistant Secretary Daniel Sullivan, Foreign Minister Rashit Meredov said

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Turkmenistan wanted concrete cooperation with the United States on the widest possible range of issues. He welcomed the visit of the Helsinki commission and USCIRF delegations and said that cooperation should extend beyond discussions to actions. He said the Turkmenistan government wanted to formulate a joint plan on cooperation and pointed to the 12-month plan on oil and gas issues put together by the Department of Energy. Responding to A/S Sullivan's pitch for enhanced regional integration, further outreach to Azerbaijan, and expansion of the non-energy economy, Meredov said his country would welcome investment from more American companies and realized Turkmenistan would have to amend and draft new legislation to improve the investment climate. The Foreign Minister said he looked forward to visiting the United States this fall. Neutrality appears to be the banner behind which Turkmenistan is able to cooperate with a wide range of partners, including the United States; A/S Sullivan noted that this policy lends itself to trade in multiple directions with regard to energy, exports, routes, and investments, as well as non-energy trade and investment. END SUMMARY.

DESIRE FOR WIDE-RANGING COOPERATION

13. (SBU) During a positive and productive meeting on August 14, Foreign Minister Rashit Meredov told EEB Assistant Secretary Daniel Sullivan that cooperation in the U.S.-Turkmenistan bilateral relationship is not limited to economic issues. He stressed that there are very constructive projects, beneficial to both countries, that can be conducted in every sphere, including democracy and human rights. He said he looked forward to meeting with Helsinki Commission and USCIRF delegations and discussing specific areas of

cooperation. Meredov said Turkmenistan is open not only to dialogue, but also to concrete, practical actions on the widest possible range of issues.

¶4. (U) Reiterating an earlier offer to host the next Trade and Investment Framework Agreement (TIFA) meeting (reftel), Meredov noted economic cooperation remained very important and highlighted the TIFA as a model for future collaboration. He added Turkmenistan plans to continue purchasing from U.S. companies, including agricultural equipment. He also said Turkmenistan has a policy to buy only Boeing planes, which translated not just into sales for that company, but also pilot training, maintenance, and repair facilities for Turkmenistan. He said the Turkmenistan government wanted to formulate a joint plan on cooperation and pointed to the 12-month plan on oil and gas issues put together by the Department of Energy. President Berdimuhamedov's approval for Turkmenistan oil and gas officials to visit the United States in September was implementing the first phase of that plan.

¶5. (U) Like President Berdimuhamedov, FM Meredov called for "concrete practical steps" as a course for action. He applied this to a broad range of economic activity, including textile, telecom, and civil aviation, and "not just energy." Meredov thanked Sullivan for his mention of Turkmenistan's neutrality in his press interview at the opening of the Imamnazar border crossing the day before (septel). He said neutrality gives Turkmenistan the protection it needs for U.S. energy and trade development activities and increases the opportunity for cooperation.

IMPROVING INVESTMENT CLIMATE STRENGTHENS NEUTRALITY

¶6. (U) A/S Sullivan underscored that although energy investment and Caspian export routes were important, he also wanted to emphasize a broad cross-section of economic engagement and not just energy. The United States respects the policy of neutrality and believed that

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diversifying partners, buyers, and investors would be a positive development for Turkmenistan. Sullivan noted that having only one or two buyers for Turkmen gas was not in Turkmenistan's interest. In addition, he said, partnering with American businesses and diversifying across sectors would help strengthen Turkmenistan's neutral status. He encouraged Turkmenistan officials to focus on U.S. private companies and meet with those businesses' senior leaders. He added that U.S. businesses bring significant benefits to the societies where they operate, not just high-level technology but also extensive training, and senior management experience which can be very important for a country's future economic development.

¶7. (U) Sullivan said trade that is diversified in its approach increases the capacity for regional integration and helps Turkmenistan become more integrated into the global economy. A key element, he stressed, would be to improve the investment climate, address the dual exchange rate, and create the conditions to attract international investors. Sullivan noted the Secretary's strong interest in Central Asia and the region's integration with the nations of South Asia. This could be a new "Silk Road," which would increase prosperity for all along that corridor. A/S Sullivan identified WTO accession as a worthy long-term goal.

DESIRE TO MINE U.S. EXPERIENCE

¶8. (U) Meredov said his country would welcome investment from more American companies and realized that their participation in the economy would be positive for Turkmenistan's neutrality. He said Turkmenistan wanted to diversify its economy beyond oil and gas. For example, Turkmenistan recognized the U.S. experience in civil aviation and telecommunications and wanted a concrete program of cooperation in order to benefit from that experience. Turkmenistan, he said, would organize a telecom conference in Ashgabat this fall. He added that he had encouraged deputy minister-level officials from the MFA, Ministry of Education, Central Bank, Ministry of Justice, and Ministry of Economy to attend Sullivan's speech scheduled for later that day, because it would be beneficial for them.

¶9. (U) Meredov mentioned the UN has identified several areas where

the Turkmenistan economy could improve, including the development of small and medium-sized businesses, management, issues of privatization, and the dual exchange rate.

¶10. (U) Meredov stressed that his country's experience was just beginning, but the Turkmen were learning while they try to implement the president's order to construct a free trade zone resort on the Caspian. They had already started to pass new laws on visa regulations, infrastructure, rental land, hotels, and communications. He said Turkmenistan would invest \$1 billion in the project and hoped to get the remaining money needed from foreign investors. He said that during the formal presentation of the new resort area, 60 businesses were present. Meredov said this zone would not be just a tourist area, but also would have an oil and gas refinery complex, housing, and other amenities built over several phases.

¶11. (U) COMMENT: Meredov clearly indicated Turkmenistan wants to be a partner with the United States and cooperate on a broad range of issues, including those such as human rights and religious freedom. He emphasized the partnership would go beyond dialogue to actions. He also stressed a desire for a concrete joint plan on economic cooperation. While the speed of change will probably still be slow, Turkmenistan clearly wants to work with us to head in the right direction. And the banner of neutrality helps it to draw on the experience of many different partners, including the United States.

¶12. (U) A/S Sullivan has cleared this cable.

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